



Sean Rogan
Executive Director

COMMUNITY DEVELOPMENT COMMISSION
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ADOPTED

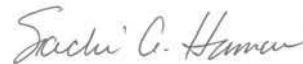
Community Development Commission

March 15, 2011

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MARCH 15, 2011

The Honorable Board of Commissioners
Community Development Commission of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012


SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Commissioners:

**APPROVE LOAN AGREEMENT WITH TERRA BELLA, L.P. TO DEVELOP 64 UNITS OF
AFFORDABLE MULTIFAMILY SENIOR RENTAL HOUSING IN THE CITY OF BELL GARDENS
(DISTRICT 1) (3 VOTE)**

SUBJECT

This letter recommends that your Board approve an additional allocation of \$1,500,000 in HOME Investment Partnerships Program (HOME) funds for Terra Bella, an affordable multifamily senior housing development located within the City of Bell Gardens, a HOME participating city.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that approval of an additional allocation of HOME funds for the Terra Bella project is not subject to the provisions of the California Environment Quality Act (CEQA), as described herein, because the action is not defined as a project under CEQA.
2. Approve an increase to the loan for Terra Bella, L.P. using additional HOME funds in a total amount of up to \$1,500,000 for a total HOME loan of \$3,000,000 for the development of the Terra Bella affordable multifamily senior housing development.
3. Authorize the Executive Director or his designee to use up to an additional \$600,000 in HOME funds, as needed, for unforeseen project costs.
4. Authorize the Executive Director or his designee to negotiate, execute, and if required, terminate the Loan Agreement and all related documents, including but not limited to documents to subordinate the loan to permit construction and permanent financing and any intergovernmental, interagency, or inter-creditor agreements necessary for the implementation and administration of the

development, following approval as to form by County Counsel.

5. Authorize the Executive Director or his designee to execute amendments to the Loan Agreement and any related documents, as necessary for the administration of the development, following approval as to form by County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to approve additional HOME Funds for Terra Bella, L.P. which will provide affordable multifamily senior housing within the City of Bell Gardens, a HOME participating city.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund.

The recommended loan will provide a total of up to \$3,000,000 to construct the development.

A 20% contingency, in the amount of \$600,000, is also being set aside for unforeseen site condition costs and construction overruns. A 20% contingency is recommended to prevent any delays in construction.

There are sufficient HOME Funds included in the Commission's approved Fiscal Year 2010-2011 budget to cover the project.

The loan will be evidenced by a promissory note and secured by a deed of trust, with the term of affordability enforced by a recorded Covenants, Conditions and Restrictions document.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

HOME funds received from the U.S. Department of Housing and Urban Development (HUD) are administered by the Commission on behalf of the County of Los Angeles and are used for affordable housing located in unincorporated areas and 46 participating cities.

On October 14, 2009, a Notice of Funding Availability (NOFA) was jointly issued by the Housing Authority and the Commission, making available affordable housing funds from the City of Industry (Industry funds) and HOME funds for the development of affordable rental housing.

Through this NOFA, Terra Bella, L.P. applied for both Industry and HOME funds and was awarded \$2,050,000 in Industry funds on March 16, 2010 and \$1,500,000 in HOME funds on June 29, 2010. Final commitment of HOME funds was delayed as the project underwent additional underwriting review. The development currently faces a funding gap of \$1,500,000 caused by increased construction costs and the loss of funds previously committed by the City of Bell Gardens, due to an Educational Revenue Augmentation Fund (ERAF) shift of funds to the State. The additional allocation of \$1,500,000 in HOME funds will provide the necessary funding to eliminate the budget shortfall.

The development consists of 64 units of affordable rental housing for seniors (55 or older), of which there are 62 1-bedroom units and two 2-bedroom units. All are affordable to households with

incomes that do not exceed 50% of the area median income, as defined by the U.S. Department of Housing and Urban Development for the Los Angeles-Long Beach Metropolitan Statistical Area. There is a unit on the premises for the manager, and the development also includes a free-standing community center with a community room, computer learning center and meeting area; resident services office and coordinating center for extensive supportive services. The affordability requirements will remain in effect for 55 years.

ENVIRONMENTAL DOCUMENTATION

This action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

Acting as a responsible agency, The Commission approved the Initial Study/Mitigated Negative Declaration prepared by the City of Bell Gardens for the Terra Bella project on June 29, 2010.

An Environmental Assessment (EA) was prepared by the Commission for the Terra Bella project pursuant to the requirements of the National Environmental Policy Act. Based on the conclusions and findings of the EA, a Finding of No Significant Impact was approved by the Certifying Official of the Community Development Commission on June 7, 2010. Following the required public and agency comment period, HUD issued a Release of Funds for this project on July 4, 2010.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended action will increase the supply of affordable housing for low-income seniors in the County of Los Angeles.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN
Executive Director

SR:lk

Enclosures

Attachment A
HOUSING FINANCIAL ANALYSIS
TERRA BELLA

The Project consists of 64 units of affordable multifamily rental housing for low-income senior households and one manager's unit, and is located at 5714-5722 Clara Street, in the City of Bell Gardens.

The following is an analysis of funding for the project:

Development Phase:

	<u>Total</u>	<u>Per Unit Cost</u>
Sources		
Conventional Loan	\$11,974,000	\$184,215
City of Bell Gardens	2,600,000	40,000
Accrued/Deferred Interest	54,200	834
LA County - City of Industry/EEI	2,050,000	31,538
Accrued/Deferred Interest	42,800	658
AHP (member bank: Citi)	1,000,000	15,385
Costs Deferred Until Completion	949,240	14,604
Deferred Developer Fee	1,269,897	19,537
Capital Contributions		
General Partner	17,500	269
Limited Partners	1,062,477	16,346
<u>Total Financing</u>	<u>\$21,020,114</u>	<u>\$323,386</u>

Permanent Phase:

Sources

Conventional Loan	\$4,463,900	\$68,676
LA County - HOME	3,000,000	46,154
City of Bell Gardens	2,600,000	40,000
Accrued/Deferred Interest	54,200	834
LA County - City of Industry/EEI	2,050,000	31,538
Accrued/Deferred Interest	42,800	658
AHP (member bank: Citi)	1,000,000	15,385
CA Solar Initiative (rebate)	100,000	1,538
Deferred Developer Fee	1,269,897	19,537
Capital Contributions		
General Partner	17,500	269
Limited Partners	6,421,817	98,797
<u>Total Financing</u>	<u>\$21,020,114</u>	<u>\$323,386</u>